

MINUTES

Citizen's District Council Meeting
City of Muskegon CDBG
Conference Room 203
Muskegon, Michigan
Tuesday, May 6, 2014

CALL TO ORDER

The meeting was called to order by the Chairman, Tom Pastoor, at 5:35 p.m.

ROLL CALL

Roll call was taken by Laura Hichue

Present: Tom Pastoor, Chris Carter, Kim Burr, Billie Quinn, Emma Torresen,
Addie Sanders-Randall, Commissioner Ken Johnson
Absent: Rosalind Ford
Staff Present: Oneata Bailey, Laura Hichue

APPROVAL OF MINUTES

After reviewing the April 1, 2014 minutes, a motion was made by Emma Torresen to approve the minutes. Kim Burr seconded the motion which carried unanimously.

OLD BUSINESS

Mr. Pastoor stated that there was a lengthy discussion took place about the Buyer Incentive Program last month and asked what had been learned since then.

Oneata stated that the attorney had not yet responded formally but did not seem too concerned about doing an incentive program. It was put in the Action Plan and there have been no comments received.

Mrs. Burr presented documentation explaining the City of Lansing's Down Payment Assistance Program they have had since 2004.

Oneata said she had heard on the radio that MSHDA was offering \$7500 down payment assistance. Mrs. Burr stated that the only lender in the local area offering that was Independent Bank.

Oneata said previously the City provided funding to Neighborhood Investment Corporation for homebuyers and since they closed, there has been NSP money set aside to make purchasing a City-owned home more affordable. The City has not offered such funding other than to home-buyers purchasing City owned homes.

Mr. Carter asked where the funding would come from.

Oneata explained that Program Income from sales of homes would be the source. She stated there was approximately \$63,000 in program income currently. The applicants would have to income qualify just like someone going through the HOME program and the property has to be in the City of Muskegon.

Mr. Carter asked if HOME funds could be used.

Oneata said they could but explained that all of the allocations have been designated and the Program Income would be used for the new program just to test it the first year. She further explained the entire amount would not be put into the Incentive Program but enough to allow around \$5,000 per home purchase.

Mr. Carter asked if there would be a ratio of how much the home buyer would have to put up along with the City.

Oneata stated the City did not intend for the purchaser to be able to walk away without paying anything.

Mrs. Burr stated that it could be percentage based on the house sale price.

Oneata stated the attorney didn't think there would be much of a change in paperwork needed than what is currently used when the City sells a home. There would be a 5 year lien on the property.

Mr. Pastoor asked if the buyer would be required to have an equal amount.

Oneata stated no, the amount could be a set amount such as a minimum of \$500.

Mrs. Burr stated it would depend on the type of loan the buyer is getting. FHA requires that the buyer has to have 3.5% of their own money. The City's funds would probably best be used for closing costs, etc.

Discussion took place regarding the conversation last month about limiting it to the City's Target Area or making it available city-wide. It was determined that it should be available City Wide to make it more accessible for buyers.

More discussion continued on the amount to allow and for what purpose the money would be used for. Oneata asked Mrs. Burr what she thought, as a realtor, would be the most beneficial. Mrs. Burr stated probably closing cost assistance, but would it be possible to have it available for any portion of the transaction process that was most needed.

Oneata stated that it had to be specified what the money would be used for with a maximum amount. Funding of repairs was referred to and discussed.

Mrs. Torresen stated she understood from last month that the program was going to be for down payment assistance, not for repairs.

Mrs. Burr agreed that it would be easier to just have it for down payment assistance.

After further discussion of the details of starting this program and deciding on parameters, Oneata said it could be turned over the City attorney to see what the best way to write it would be.

A question was asked if it was for first time home-buyers only, which was determined to be not necessarily, but different factors of the buyer would be considered.

Oneata questioned how involved would the City have to be with the buyer. She stated there would have to be a home inspection also.

Mrs. Burr explained the different requirements for home inspections. She stated most home-buyers want to have an inspection.

Mr. Pastoor stated a home inspection should be tied to the incentive. The City would give up to 6% of the acquisition price for a down payment and it has to be inspected and approved for owner occupancy.

Mrs. Burr suggested having a lender involved to see how it would work from their side of it.

Oneata said that could it could be put out to local banks and ask for their thoughts on the requirements.

Mr. Pastoor reviewed what the Board would like to have for the program; the City would provide 6%, up to \$5,000, for an owner/occupied purchase, contingent upon passing a home inspection and that it would be available City wide.

Oneata stated she will proceed with the City attorney and bring back a report at the next meeting.

NEW BUSINESS

The Action Plan was reviewed.

Oneata explained that no comments were received from the public on the Action Plan but many suggestions were made at the public forum that was held in January. She stated she hoped that after the funding year started there could be something written about what the City is doing based on the comments from the original forum.

Oneata stated that one of the Internship placements will be used for the Neighborhood Association, called a volunteer specialist. This person will work closely with the Neighborhood Grants in helping the City write the criteria, review it and go out to each neighborhood association meeting to promote it. That person will also assist the 2 struggling neighborhoods (East Muskegon and Jackson Hill) in getting organized again. The intern will be a college student or high school senior.

Oneata said that it is a paid per hour position but the Affirmative Action staff would be taking care of that part of it.

Mr. Johnson asked if that would be starting July 1.

Oneata stated she asked for June with the hope of having the intern on board to help write the criteria before going out in July.

Mr. Carter commented on the Youth Recreation Program. Oneata stated they kept the amount the same at \$70,000 and would be using the YEP Program to help with the youth programs. She also described some other activities the YEP group will be involved with.

Mr. Carter asked if the Summer Programs and After-School Programs were still going to be funded.

Oneata said they will be funded at the same level but the funding has been spread out to more programs.

Mr. Carter stated he hoped that there would be strong focus and pressure for core value training with the youth.

Mrs. Torresen asked if changes could be made to the Action Plan budget during the year if a program isn't working.

Oneata said if it is over 5% of the total budget it would have to go to the public, but otherwise it can be done in house and brought to the Board to discuss.

STAFF REPORTS

Home Sales – Oneata passed around the open house sale flyer for the house at 2035 Harding the City is currently trying to sell, and gave a description of the house and the rehabilitation. The open house will be May 18 from 1 to 3.

Mrs. Ford arrived at 6:20 p.m.

Mrs. Sanders-Randall asked if there were going to be any tours of the houses. Oneata stated she would like to show the Board members the house at 1500 Leahy before it was sold.

Oneata explained the problems getting the house sold due to lender issues with the appraisal.

Mr. Pastoor reviewed that the Board will be looking forward to hearing from the city attorney regarding the incentive program at the next meeting in June.

Mrs. Sanders-Randall moved to adjourn the meeting at 6:25 p.m.; Mrs. Quinn seconded the motion which carried.

The next meeting is scheduled for June 3, 2014.